

Expenditure Categories

The information in the accompanying charts and tables is all from an annual publication of the US Census Bureau, *Government Finances*. The charts and tables use the expenditure categories in these publications for combined state and local expenditures.

The Census Bureau defines expenditures as all money a government spends during its fiscal year on public services – net recoveries and correcting transactions – other than for retirement of debt, purchase of investment securities, extension of loans, and agency or private trust transactions. Under this definition, expenditure relates to external payments of a government and excludes amounts transferred to funds or agencies of the same government.

Expenditure includes payments from all sources of funds, including not only current revenues but also proceeds from borrowing and prior year fund balances. Note, however, that the Bureau's finance statistics do not relate expenditure to their source of funding.

Expenditure includes amounts spent by all agencies, boards, commissions, or other organizations categorized as dependent on the government concerned. Stated in terms of the accounting procedures from which these data originate, expenditure covers outlays of all accounting funds of a government other than intragovernmental service (revolving), agency, and private trust funds.

Expenditure of business-type activities of governments (utilities and other commercial or auxiliary enterprises) is reported on a gross basis. That is, related revenues are not deducted from their expenditures to derive net expenditure amount.

The following types of outlays are excluded from expenditure:

Loans or other extensions of credit, except contingent loans and advances to other governments which are reported as intergovernmental expenditure.

Refunds of revenues collected during the same fiscal year, which are deducted from gross receipts of revenue item involved.

Erroneous payments and other outlays that are recovered during the same fiscal year, which are deducted from the expenditures that originally included them.

Purchase of securities for investment purposes. Recorded loss on the sale of investments, however, is treated as an expenditure.

Payments for the retirement of debt principal (long- or short-term), which are reported with debt statistics. Interest on debt, however, is reported as an expenditure.

Transfers to other agencies or funds of the same government, except for intragovernmental service funds and utilities operated by the same government.

Agency or private trust transactions, i.e., where the government is acting on behalf of others.

Noncash transactions, such as provision of perquisites, technical services, commodities, property, noncash gifts or bequests, and other "payments in kind." The cost of items distributed in-kind are treated as purchase of goods and services (i.e., as a current operations expenditure).

The accompanying charts and tables all show combined net state and local expenditure. Transfers between a state and local governments in the state or between local governments net to zero and are not included in the Census Bureau's measure of combined state and local expenditure.

The Census Bureau divides expenditure into direct general expenditure and other types of expenditure. In the accompanying charts and tables, these other types of expenditure are combined under the label "non-general expenditure". Non-general expenditure includes the gross expenditures by liquor enterprises; gross expenditures by government utility operations, public employee retirement funds, unemployment insurance funds and other social insurance trust funds.

Expenditures by Object:

Intergovernmental Expenditures - Amounts paid to other governments for performance of specific functions or for general financial support. Includes grants, shared taxes, contingent loans and advances, and any significant and identifiable amounts or reimbursement paid to other governments for performance of general government services or activities. Excludes amounts paid to other governments for purchase of commodities, property, or utility services and for any tax levied as such on facilities of the government. In this case, intergovernmental expenditure is by state and local governments to the federal government.

Salaries and Wages – Amounts paid for compensation of officers and employees of the government. Consists of gross compensation before deductions for taxes, retirement plans or other purposes.

Other current operation – Direct expenditure for supplies, materials and contractual services, except amounts for capital outlay.

Capital outlay – Direct expenditure for construction and equipment. Construction comprises production of fixed works and structures and of additions, replacements, and major alterations, including design, site improvement and provision of facilities that are integral parts of a structure. Equipment comprises apparatus, furnishings, office machines, motor vehicles, and the like, having an expected life of more than 5 years. Includes acquisition of aircraft, rockets, naval vessels, and other military equipment.

Amounts for rentals and normal equipment repairs are classed as current operation expenditure.

Assistance and Subsidies – Cash contributions and subsidies to persons and foreign governments, not in payment for goods or services or for claims against the government. Includes veterans' benefits, bonuses and cash grants for tuition, scholarships, and aid to nonpublic educational institutions.

Interest on General Debt – Amounts paid for use of borrowed money. Interest, except that paid on debt incurred for utility purposes, is classed under general expenditure. General expenditure for interest is not allocated to particular functions, but is classed as interest on general debt.

Insurance benefits and repayments comprises cash payments to beneficiaries (including withdrawal of contributions). These categories exclude costs of administering insurance trust systems, which are classed as general expenditure.

Expenditures By Function:

Institutions of Higher Education – Includes facilities and activities of all educational institutions beyond high school operated by the State or local governments, except that agricultural experiment stations and agricultural extension services are classed under natural resources, and university-operated hospitals serving the public are classed under hospitals. These educational categories include related services such as pupil transportation, school milk and lunch programs, health and recreational programs, and the like.

Public schools includes expenditures for K-12, other education and libraries. These educational categories include related services such as pupil transportation, school milk and lunch programs, health and recreational programs, and the like. Also includes expenditures for library purchases and salaries.

Social Services and Income Maintenance – Support and assistance to needy persons contingent upon their need. Excludes pensions to former employees and other benefits not contingent on need. These expenditures includes cash assistance payments, vendor payments made directly to private purveyors for medical care, burials, and other services provided under welfare programs; welfare institutions.

Transportation – Comprises the general expenditure for construction, maintenance and operation of highways, streets, and related structures, airport facilities, parking facilities, water transportation, and terminals and transit subsidies.

Public Safety – Comprises the functions of police protection, fire protection, correction, and protective inspection and regulation.

Environment, Natural Resources, and Parks – Comprises expenditures for environmental protection, conservation, promotion and development of natural resources, such as soil, water, forests, minerals and wildlife. Includes irrigation, drainage, flood control, forestry, soil reclamation, fish and game programs, etc. Also includes provisions of facilities in support of recreational use of parks, tennis courts, auditoriums, beaches, swimming pools, zoos, etc.

Governmental administration and other – Comprises the functions of financial administration, judicial and legal, and general public buildings. Also includes all other expenditures not allocable to a particular function.